

**MINUTES
of the
THIRD MEETING
of the
JOBS COUNCIL**

**August 28, 2014
Room 307, State Capitol
Santa Fe**

The third meeting of the Jobs Council (council) was called to order by Senator Mary Kay Papen, co-chair, on August 28, 2014 at 10:31 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Rep. Donald E. Bratton
Terry Brunner
Rep. Stephanie Garcia Richard
Sen. Phil A. Griego
Sen. Stuart Ingle
Beverlee J. McClure
Rep. Rick Miera
Alex O. Romero

Absent

Ray M. Baca
Celina C. Bussey
Sen. George K. Munoz
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Rep. Patricia A. Lundstrom
Sen. Michael Padilla
Sen. John C. Ryan
Rep. Don L. Tripp
Rep. James P. White

Sen. William F. Burt
Rep. Mary Helen Garcia
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. Thomas C. Taylor
Eric Witt

Guest Legislator

Rep. Larry A. Larrañaga

Guest Members

Jon Barela, Secretary of Economic Development
Dr. Jose Z. Garcia, Secretary of Higher Education
Monique Jacobson, Secretary of Tourism

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, August 28**Welcoming Remarks — Approval of Meeting Minutes**

Senator Papen welcomed the council and members of the audience. Representative Martinez noted that Eric Witt is a representative of the film industry and a new advisory member of the council. With two revisions, the council approved the minutes for its July 23, 2014 meeting without objection.

Update on Council-Approved Legislative Initiatives

Representative Martinez reminded the council that it considered job-creation appropriations at its July meeting so that the recommendations could be considered during the legislative and the executive budgeting processes. Mark Lautman, lead program consultant to the council, noted that the council's 10 recommendations, approved at the council's July meeting, included items that the council considered during the 2013 interim. He stated that additional measures, such as an appropriation for the MainStreet program, would be considered later in the day and at subsequent council meetings. Several council members expressed their support for the MainStreet program and stated that the council could recommend an increase in the Economic Development Department's (EDD's) MainStreet budget or make a separate legislative request for the program's funding.

The council discussed the 10 job-creation recommendations. Mr. Lautman noted that the details of the solo worker program request were still being worked out with relevant state agencies and that the goal would be to establish several solo worker pilot programs throughout the state. The pilot programs could be housed in converted co-working spaces, community colleges or business incubator spaces.

In response to a question about the forest restoration economic development assistance proposal, Mr. Lautman explained that the federal government, through a competitive application process, is awarding contracts to applicants who are thinning forests. Much of the matter that is cut and removed has been wasted because a market for it has not been developed. This proposal would help in developing a market for cut and removed matter and to establish local programs to support forest restoration work. He added that staff from the EDD have been actively working on the issue.

Mr. Lautman commented on the importance of working with agencies, including the Tourism Department and the EDD, to determine how agencies' needs coincide with council

recommendations. Secretary Barela noted that his staff had been working with Mr. Lautman to develop an understanding of the programs recommended by the council.

Update on the Regional Data-Gathering Process

Tim Karpoff, facilitator for the council, stated that he and the contract team have been engaging local economic development organizations in the process followed by the council during the 2013 interim. The local organizations are integrating that process work with work related to their five-year regional plans, which increases efficiency.

Mr. Karpoff stated that meetings had been held in Albuquerque and at Ohkay Owingeh. Approximately 65 people attended the meeting in Albuquerque, including elected officials, business representatives and representatives from all four counties in the Mid-Region Council of Governments (COG). The group will meet again in September and October and will continue to work on identifying the job-creation capacity of all economic base sectors.

Tim Armer, executive director for the North Central New Mexico Economic Development District, talked about the meeting at Ohkay Owingeh. Approximately 63 people from Los Alamos, Rio Arriba, Santa Fe and Taos counties attended. He noted that there was a lot of deliberation among the attendees.

Mr. Armer stated that the Eastern Plains COG planned to meet in late October and that people from Colfax, Mora, San Miguel, Curry, Guadalupe, Harding, Union and Quay counties were expected to attend. He added that the details of the upcoming local meetings would be distributed to council members. Mr. Karpoff noted that the Northwest New Mexico COG had not yet scheduled a meeting in its region but that its executive director, Jeff Kiely, was supportive of the process.

A few members highlighted the importance of including members of the state's tribes and members of the business community in the local-level deliberations. In response to a question, Mr. Karpoff stated that the estimates that were emerging from the local-level meetings did not vary significantly from the estimates developed by the council last year.

Job Creation Through Procurement Reform

Ms. McClure, president and chief executive officer for the Association of Commerce and Industry (ACI), and Representative Garcia Richard presented on procurement reforms that could lead to job creation in New Mexico. Ms. McClure cited the example of Anthony Trujillo, the second-generation owner of Holmans, a small business headquartered in New Mexico, who has encountered difficulty in pursuing contracts with the state and attributes the issues to the state's procurement process.

Ms. McClure provided a list of recommendations for procurement reform that she said could lead to job creation at no cost to the state. She said that 3.6 jobs are created for every \$1 million that is invested by the state through contracting with a locally owned and headquartered

business. By contrast, she said, no in-state jobs are created through contracts between the state and out-of-state companies.

Ms. McClure explained the ACI's procurement reform recommendations, which feature more-stringent disclosure and reporting requirements, an independent appeals process and a revised point system for prioritizing companies that bid on state contracts.

Representative Garcia Richard said that the ACI's recommendations were developed after reviewing recent changes to the Procurement Code. She reiterated that the current contracting process is cumbersome and difficult for certain business owners to navigate. She also called the council's attention to the House Business and Industry Committee Substitute for House Joint Memorial 11 from the 2014 session, which requested that the secretary of general services develop training that could promote fairness in contracting. She added that the General Services Department (GSD) provided input for the memorial.

Regarding potential procurement reforms, a member suggested that New Mexico could require a certain percentage of state contracting to be undertaken with certified in-state businesses. Ms. McClure added that when businesses complete the in-state certification process with the Taxation and Revenue Department (TRD), that certification could be communicated to the GSD for use in procurement processes. The GSD, she said, will begin electronically warehousing contracts in fiscal year (FY) 2015. Finally, she stated that the Office of Business Advocacy within the EDD has worked with businesses seeking contracts with the state.

A member suggested that the GSD offer outreach to rural businesses to help them meet requirements when responding to requests for proposals (RFPs). Another member expressed the concern that even with additional education and outreach, contracts are often awarded to the bidder who already has an established relationship with the procuring officer.

On the related topic of investments in local start-up businesses by the State Investment Council (SIC), the council discussed whether the SIC should be encouraged to make greater investments in start-up businesses. They acknowledged that the SIC is obligated to earn money through its investments and that that responsibility might conflict with a requirement to make greater investments in start-up businesses.

In response to a question, Ms. McClure said that she knew of instances in which a state agency's RFP included requirements that appeared to be unrelated to the work sought but that automatically eliminated many in-state businesses from consideration. She said that those kinds of requirements should be justified. She also confirmed that the ACI would promote related legislation in the coming session.

In response to Ms. McClure's proposal relating to independent appeals hearing processes for procurement denials, a member noted the importance of project efficiency and timeliness, which could be compromised if the right to appeal is extended to additional parties. The council

discussed the possibility of creating an independent state administrative appeals tribunal to handle procurement and other appeals.

Improving Operational and Performance Metrics for Job-Creation Initiatives

Mr. Lautman stated that having effective analytic metrics for economic development programs is critical to securing sustained funding for programs. He added that metrics are useful to show how money for economic development is spent and that metrics can justify the state's offer of financial incentives to companies.

Mr. Lautman commented on the difficulty often encountered in identifying a party responsible for job creation and said that economic development professionals are not always willing to collaborate with others in their competitive profession. Those facts, he said, contribute to the difficulty in developing metrics for measuring the success of economic development programs. Because local and regional governments are engaging in the same process followed by the council in 2013, some useful and aligned data may begin to emerge, which could help promote some of the council-approved initiatives.

Mr. Lautman explained that traditional economic development programs include four functions: marketing; sales; completion resources; and product development. In order to effectively analyze programs, economic development organizations at all levels must use common definitions and measurements and communicate to ensure that development leads and created jobs are not attributed to or counted by more than one organization.

A member noted that computer software could help to streamline data collection and reporting. The council and Mr. Lautman discussed the idea that economic development is a very competitive field and that sometimes confidentiality requirements impede easy data collection.

Mr. Lautman cited examples of operations metrics that could be applied to a marketing and sales organization. A member noted that the amount of data collection that would be needed to support sustained economic development funding could require the work of one full-time employee in each of the many economic development organizations. Mr. Lautman stated that increasing economic development capacity would require the cooperation of private industry, banks, local government, agencies, the EDD and the New Mexico Partnership.

The New Mexico MainStreet Program's Role in Economic Base Job Development

Secretary Barela and Richard Williams, MainStreet director for the EDD, presented information about the state's MainStreet program. Secretary Barela stated that the program was recently recertified and that Mr. Williams and his two staff members are maintaining data on the program to support the appropriations and capital outlay requests that will be made during the 2015 legislative session.

Mr. Williams gave a brief history of the state's MainStreet program. He showed council members a map of the state's MainStreet communities and noted that each community is a

public-private partnership. He also highlighted the department's historic theater initiative, which includes providing assistance for converting theaters from analog to digital operations, and the historic plazas initiative. He added that local communities can access federal funding for developing their downtown areas through the federal metropolitan redevelopment program.

Regarding the MainStreet program's collaborative efforts, Mr. Williams stated that the program and the EDD work collaboratively with the Tourism Department and the Cultural Affairs Department, an example of which is the Building Creative Communities initiative, the first interagency program. The MainStreet program also works with the New Mexico Mortgage Finance Authority and the New Mexico Finance Authority to bring funding into communities and to assist with housing needs. Another collaboration, with the Department of Transportation, is focused on improving communities' streetscapes, which helps encourage business.

Mr. Williams informed the council of the MainStreet program's financial impact and needs. Over 29 years, the program has seen a return on investment of \$44.00 in private-sector capital investment for every \$1.00 of state investment. In FY 2014, 30 communities sought to join the program. The program would need three times its current funding in order to meet the costs associated with working with those 30 communities. He emphasized that the MainStreet program is not simply a grant to a community but instead is about communities establishing partnerships to solve local issues while slowly improving communities' downtown areas after an economic depression.

The EDD will seek capital outlay funding for the MainStreet program in the coming session. Mr. Williams emphasized that while his program has worked with the United States Department of Agriculture, federal funding is difficult to secure and state funding is essential for improving the historic downtown commercial areas in small communities. He suggested that a state tax credit could be used to encourage commerce and building renovation.

In response to a council member's question, Mr. Williams stated that to establish a MainStreet community, the community must first establish a nonprofit board with a paid director. He acknowledged that some communities have difficulty meeting initial requirements and the Frontier Communities program was initiated in response to those difficulties. He added that input from the residents in Frontier and MainStreet communities is being sought.

Several members voiced their support for the MainStreet program, and one member stated that an immeasurable success of the program is the pride that it brings to a community's residents.

Update on Development of an Online Jobs-Data Repository

Charles Lehman, director of the Employment and Economic Information Center of New Mexico, provided an update on the work in developing the online jobs-data repository. He stated that the resource's home page will explain the council process and feature terminology used by the council and local communities in determining the state's job-creation needs and potential. He

said the resource will eventually include tables showing data for each area in the state and for the state as a whole. There will be a limited number of administrators who can revise the information on the web site.

Mr. Lehman stated that at the end of the council's and regional areas' processes and when the online resource has been completed, the resource will be taken over and managed by the state's COGs and economic development districts. He said that at the council's last meeting for the 2014 interim, he will present a live version of the online resource to the council.

In response to a question, Mr. Lehman stated that as the state's regions develop jobs data, the regional administrators will be able to revise the information in the resource and will be required to submit justification for the revisions. With more accurate and up-to-date information included by regional organizations, the state's economic development organizations will be better able to coordinate their efforts. He added that the resource could include a feature that would note where a community is falling short in its job-creation goals.

Public Comment

Mary Campbell addressed the council and stated that her community's economic development organization in Harding County purchased a paint sprayer to support high school students who wished to paint buildings to improve downtown areas. She said that local efforts are helping to encourage young people to move back to the community and that their population has increased in recent years.

Adjournment

There being no further business before the council, the third meeting of the Jobs Council for the 2014 interim adjourned at 4:12 p.m.